

By: Seaman

H.B. No. 2965

A BILL TO BE ENTITLED

AN ACT

relating to insurance premium finance agreements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sec. 651.051, Insurance Code, is amended to read as follows:

Sec. 651.051. (a) Unless the person is a license holder, a person may not:

(1) negotiate, transact, or engage in the business of insurance premium financing in this state; or

(2) contract for, charge, or receive directly or indirectly on or in connection with an insurance premium financing any charge, regardless of whether the charge is for interest, compensation, consideration, expense, or otherwise, if in the aggregate the amount of the charge exceeds the amount the person would be permitted by law to charge if the person were not a license holder.

(b) This subchapter does not apply to a person who purchases or otherwise acquires a premium finance agreement from a licensee if the licensee retains the right to service the agreement and to collect payments due under the agreement and remains responsible for servicing the premium finance agreement in compliance with this chapter.

SECTION 2. Sec. 651.158, Insurance Code, is amended to read as follows:

1           Sec. 651.158. PREPAYMENT AND REFUND. (a) Notwithstanding  
2 the provisions of any premium finance agreement to the contrary, an  
3 insured may pay the balance due under the agreement in full at any  
4 time before the maturity of the final installment of the balance.

5           (b) If an insured pays a premium finance agreement in full  
6 as authorized by this section and the agreement included an amount  
7 for a charge, the insured is entitled to receive for the prepayment  
8 by cash or renewal a refund credit in accordance with Subchapter H,  
9 Chapter 342, Finance Code, and rules adopted under that subchapter.  
10 If the amount of the credit for prepayment is less than \$5 [~~\$1~~], the  
11 insured is not entitled to a refund credit.

12           SECTION 3. EFFECTIVE DATE.       This Act takes effect  
13 immediately if it receives a vote of two-thirds of all the members  
14 elected to each house, as provided by Section 39, Article III, Texas  
15 Constitution. If this Act does not receive the vote necessary for  
16 immediate effect, this Act takes effect September 1, 2005.